

## Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 IOE-00 L-03 SSO-00 OIC-02  
AF-08 ARA-10 EA-09 NEA-10 USIE-00 FRB-01 OMB-01  
ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 COME-00 EB-08  
INR-07 LAB-04 NSAE-00 SIL-01 STR-04 TRSE-00  
CEA-01 HUD-02 HEW-06 INT-05 XMB-04 PRS-01 PA-02  
INRE-00 /123 W

-----251634Z 104368 /46

O R 251506Z MAR 77

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 1170

INFO USMISSION UN NEW YORK

UNCLAS VIENNA 2333

FOR SCHWEBEL, NORRIS AND POOLE

E.O. 11652: N/A

TAGS: UNIDO, EIND, OCON, PORG

SUBJECT: UNIDO, PORPOSED DRAFT UNGA RESOLUTION ON TRANSITIONAL  
ARRANGEMENTS FOR UNIDO

1. LEGAL DRAFTING GROUP CONSIDERED, ON MARCH 24, TEXT OF  
FOLLOWING RESOLUTION THAT COULD BE SUGGESTED TO UNGA. TEXT  
GIVEN PRELIMINARY CONSIDERATION IN CONTACT GROUP MORNING  
MARCH 25.

QTE. THE GENERAL ASSEMBLY, RECALLING ITS ENDORSEMENT OF  
THE RECOMMENDATION OF THE SECOND GENERAL CONFERENCE OF  
THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION  
(UNIDO) TO CONVERT THAT ORGANIZATION INTO A SPECIALIZED  
AGENCY OF THE UNITED NATIONS,  
NOTING WITH APPROVAL THE CONSTITUTION OF UNIDO ADOPTED  
BY THE CONFERENCE ON THE CONSTITUTION OF UNIDO,  
DESIRING TO PROVIDE FOR A SMOOTH TRANSITION BETWEEN  
THE EXISTING UNIDO ESTABLISHED BY ITS RESOLUTION 2152(XXI)  
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OF 17 NOVEMBER 1966, AND THE PROPOSED SPECIALIZED

AGENCY OF THE SAME NAME, AND TO ASSIST THE NEW AGENCY  
IN COMMENCING ITS OPERATIONS AS SOON AS POSSIBLE AFTER  
ITS CONSTITUTION ENTERS INTO FORCE,

1. STRONGLY RECOMMENDS TO STATES TO SIGN AND RATIFY,

ACCEPT OR APPROVE THE CONSTITUTION OF UNIDO, AND AGREE TO ITS ENTRY INTO FORCE RAPIDLY SO THAT THE NEW AGENCY MIGHT COME INTO EXISTENCE AT AN EARLY DATE;

2. DECIDES THAT THE INDUSTRIAL DEVELOPMENT BOARD ESTABLISHED BY RESOLUTION 2152(XXI) SHALL CEASE TO EXIST AS SOON AS THE MEMBERS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE NEW AGENCY HAVE BEEN ELECTED, AND AUTHORIZES THE NEW BOARD TO DARRY OUT, FROM THAT DATE AND UNTIL THE DATE PROVIDED FOR IN PARAGRAPH 6 BELOW, THE FUNCTIONS SPECIFIED FOR THE INDUSTRIAL DEVELOPMENT BOARD OF THE EXISTING UNIDO IN RELATION TO THAT ORGANIZATION;

3. DECIDES THAT THE TERM OF OFFICE OF THE EXECUTIVE DIRECTOR OF THE EXISTING UNIDO SHALL TERMINATE ON THE DATE THAT THE DIRECTOR-GENERAL OF THE NEW AGENCY ASSUMES HIS OFFICE IN ACCORDANCE WITH ITS CONSTITUTION, AND AUTHORIZES THE LATTER TO CARRY OUT, FROM THAT DATE AND UNTIL THE DATE PROVIDED FOR IN PARAGRAPH 6 BELOW, THE FUNCTIONS SPECIFIED FOR THE EXECUTIVE DIRECTOR OF THE EXISTING UNIDO IN RELATION TO THAT ORGANIZATION;

4. URGES THAT ALL MEMBERS OF THE STAFF OF THE UNITED NATIONS ASSIGNED TO THE EXISTING UNIDO BE OFFERED APPOINTMENTS BY THE NEW AGENCY THAT PRESERVE THEIR ACQUIRED RIGHTS AND CONTRACTUAL STATUS;

5. REQUESTS THE BOARD OF THE UNITED NATIONS JOINT STAFF PENSION FUND TO ARRANGE FOR THE ADMISSION OF THE UNCLASSIFIED

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NEW AGENCY TO THE PENSION FUND, IN ACCORDANCE WITH ARTICLE 3 OF THE REGULATIONS OF THE FUND, ON A DATE TO BE AGREED BETWEEN THE UNJSPF AND THE NEW AGENCY, SO AS TO ENABLE PERSONS APPOINTED TO ITS STAFF TO PARTICIPATE IN THE PENSION FUND FROM THE DATE OF THEIR APPOINTMENT;

6. DECIDES TO TERMINATE THE EXISTING UNIDO AT THE END OF THE LAST DAY OF THE CALENDER YEAR IN WHICH THE CONFERENCE OF THE NEW AGENCY IS FIRST CONVENED;

7. AUTHORIZES THE SECRETARY-GENERAL TO INCLUDE IN HIS BUDGET ESTIMATES THE NECESSARY PROVISIONS TO COVER THE EXPENSES IN RESPECT OF THE NEW AGENCY FOR THE PERIOD EXTENDING FROM THE ENTRY INTO FORCE OF ITS CONSTITUTION UNTIL THE END OF THE CALENDER YEAR IN WHICH THE CONFERENCE OF THAT AGENCY IS FIRST CONVENED.

8. AUTHORIZES THE SECRETARY-GENERAL, IN CONSULTATION

WITH THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGET-ARY QUESTIONS (ACABQ), TO LOAN TO THE NEW AGENCY, UNTIL IT RECEIVES SUFFICIENT CONTRIBUTIONS OR ADVANCES FROM ITS MEMBERS, AN AMOUNT NOT EXCEEDING ONE HALF OF THE APPROPRIATIONS FOR THE EXISTING UNIDO FOR THE LAST CALENDAR YEAR OF ITS EXISTENCE, TO MEET THE EXPENSES OF THE INITIAL OPERATIONS OF THE NEW AGENCY FOR THE CALENDAR YEAR FOLLOWING THAT IN WHICH ITS CONFERENCE IS FIRST CONVENED, AND TO TAKE THE NECESSARY BUDGETARY MEASURES;

9. AUTHORIZES THE SECRETARY-GENERAL TO TRANSFER TO THE NEW AGENCY THE ASSETS OF THE UNITED NATIONS USED BY THE EXISTING UNIDO, IN ACCORDANCE WITH ARRANGEMENTS TO BE ENTERED INTO BETWEEN THE SECRETARY-GENERAL, ACTING IN CONSULTATION WITH ACABQ, AND THE DIRECTOR-GENERAL OF THE NEW AGENCY;  
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10. AUTHORIZES THE SECRETARY-GENERAL TO TRANSFER TO THE NEW AGENCY THE ASSETS OF THE INDUSTRIAL DEVELOPMENT FUND, PROVIDED THAT THE AGENCY AGREES TO USE SUCH ASSETS IN ACCORDANCE WITH ANY UNDERTAKINGS BY THE UNITED NATIONS TOWARDS THE DONORS OF THESE ASSETS;

11. REQUESTS THE ECONOMIC AND SOCIAL COUNCIL TO ARRANGE FOR THE NEGOTIATION WITH THE NEW AGENCY OF AN AGREEMENT TO CONSTITUTE IT AS A SPECIALIZED AGENCY IN ACCORDANCE WITH ARTICLES 57 AND 63 OF THE CHARTER, TO ENTER INTO SUCH AGREEMENT SUBJECT TO THE APPROVAL OF THE GENERAL ASSEMBLY, AND TO ARRANGE FOR THE PROVISIONAL APPLICATION OF THAT AGREEMENT AS APPROPRIATE. END QTE.

2. SUGGESTED RESOLUTION GENERALLY REGARDED AS ACCEPTABLE. HOWEVER, FOLLOWING POINTS EMERGED IN DISCUSSION: (A) USSR WANTED SPECIFIC STATEMENT IN PARA 6 THAT NO UN FUNDS WOULD BE PROVIDED TO UNIDO ONCE IT BECOMES A SPECIALIZED AGENCY. SECRETARIAT URGED THAT THIS IS IMPLICIT IN PARA 6 (WE AGREE), BUT IS SEEKING INSTRUCTIONS FROM NEW YORK.

(B) GROUP D, SUPPORTED BY USDEL, URGED THAT THERE SHOULD BE AN UNDERTAKING BY MEMBERS OF UNIDO TO SUPPORT A REDUCTION OF THE ASSESSED UN BUDGET BY UNGA BY THE AMOUNT THAT WOULD NOT BE PROVIDED TO UNIDO ONCE IT BECAME A SPECIALIZED AGENCY. G-77 HAS EXPRESSED AN INTEREST IN PARTICIPATING IN ANY DISCUSSIONS ON THIS QUESTION.

(C) ON STATE, JAPAN, HAS EXPRESSED

CONCERN ABOUT THE REFERENCE TO "ACQUIRED RIGHTS"  
IN PARA 4. USDEL CONSIDERS SUCH A PROVISION ESSENTIAL  
IN CASE OF EXISTING ORGANIZATION THAT IS CHANGING ITS  
LEGAL STATUS.

(D) SOME CONCERN EXPRESSED AS TO  
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WHETHER DELETION OF ARTICLE 15 OF CONSTITUTION, RELATING  
TO BORROWING, WOULD PRECLUDE NECESSARY SHORT-RANGE  
LOAN CONTEMPLATED IN PARA 8 OF RESOLUTION, CONCURRING  
OPINIONS OF SECRETARIAT AND USDEL LEGAL ADVISER ARE  
THAT IT WOULD NOT BECAUSE (I) SHORT-RANGE BORROWING,  
E.G., TO MEET A BI-MONTHLY PAYROLL OR PAY  
THE RENT, IS AN IMPLIED POWER OF INTERNATIONAL  
ORGANIZATIONS BECAUSE OTHERWISE THEY MIGHT BE UNABLE  
TO FUNCTION IN CERTAIN CIRCUMSTANCES; (II) THERE IS  
PRECEDENT FOR SUCH ACTION BY INTERNATIONAL  
ORGANIZATIONS, E.G., THE UN, WHICH DO NOT HAVE  
SPECIFIC BORROWING PROVISIONS IN THEIR CHARTERS;  
(III) PARA 8 IS CAREFULLY DRAFTED TO AVOID ANY  
IMPRESSION THAT A MAJOR LOAN, E.G., THE UN CONGO BONDS,  
IS AUTHORIZED.

3. OBVIOUSLY, FINAL TEXT OF UNGA RESOLUTION WILL BE  
DECIDED BY UNGA. STIBRAVY

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## Message Attributes

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**Review Markings:**  
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